

July 9, 2009
The Bank of Korea

Monetary Policy Decision

The Monetary Policy Committee of the Bank of Korea decided today to maintain the Base Rate at its current level (2.00%) for the intermeeting period.

(The following is an unofficial English translation of the Monetary Policy Committee statement.)

The Monetary Policy Committee of the Bank of Korea decided today to maintain the Base Rate at its current level (2.00%) for the intermeeting period.

Domestic economic activity now appears to be emerging from its downward trend thanks to the proactive fiscal and monetary policy stride. The slump in domestic demand and exports has moderated. There still remains a high degree of uncertainty as to the economic growth path due to the rise in international raw material prices and the economic slowdown in the major advanced economies.

Consumer price inflation has continued to decelerate thanks to the easing of demand-pull pressures owing to the economic downturn. The mild upward trend of real estate prices has been maintained.

Financial market price variables such as the exchange rate and stock prices have sustained their stable pattern of movements. Bank lending has steadily expanded, mainly driven by mortgage loans. Meanwhile, concerns about credit risk and the shorttermism of market funds have not been resolved.

Looking ahead, the Committee will maintain accommodative policy stance for the time being and do what is needed to bring about the continuation of the recent improving pattern of economic movements and financial market stabilization.